

LJM2 APPROVAL SHEET

This Approval Sheet should be used to approve Enron's participation in any transactions involving LJM Cayman, L.P. ("LJM1") or LJM Co-Investment, L.P. ("LJM2"). LJM1 and LJM2 will collectively be referred to as "LJM". This Approval Sheet is in addition to (not in lieu of) any other Enron approvals that may be required.

GENERAL

Deal name: Raptor II

Date Approval Sheet completed: June 26, 2000

Enron person completing this form: Trushar Patel

Expected closing date: June 30, 2000

Business Unit: Enron Corp.

Business Unit Originator: Ben Glisan

This transaction relates to ☐ LJM1 and/or ☒ LJM2.

This transaction is ☐ a sale by Enron ☐ a purchase by Enron ☐ a co-sale with Enron ☐ a co-purchase with Enron and/or ☒ other: creation of hedging structure

Person(s) negotiating for Enron: Ben Glisan

Person(s) negotiating for LJM: Michael Kopper

Legal counsel for Enron: Vinson & Elkins

Legal counsel for LJM: Kirkland & Ellis

DEAL DESCRIPTION

Timberwolf I LLC ("Timberwolf") is a special purpose entity organized for the purpose of entering into certain derivative transactions. LJM2, through its 100% voting control of Timberwolf, has the unilateral ability to make the investment decisions for Timberwolf and is not contractually obligated to execute any derivative transactions with Enron. LJM2 will execute derivative transactions with Grizzly I LLC ("Grizzly"), a wholly-owned subsidiary of Enron, to the extent those investment decisions are aligned with LJM2's investment objectives. Enron, through Grizzly, will offer LJM2 the opportunity to execute derivative instruments relating to both public and private energy and telecommunication investments made by Enron.

ECONOMICS

Timberwolf's distributions to equity holders will be limited by earnings at Timberwolf. To the extent there are earnings and sufficient cash to distribute, distributions will be made according to the following waterfall:

- First, \$41 million to LJM2
- Second, distributions as necessary until LJM2 receives a 30% IRR over the term of the structure (unless the IRR was achieved through the \$41 million distribution above)
- Third, 100% to the special limited partnership interest, Grizzly I LLC, a wholly-owned subsidiary of Enron

DASH

See attached.

AF100189

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GOVERNMENT
EXHIBIT

7634

Crim No. H-04-0025

"FOIA CONFIDENTIAL
TREATMENT REQUESTED
BY ANDREW FASTOW"

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ISSUES CHECKLIST

1. Sale Options

- a. If this transaction is a sale of an asset by Enron, which of the following options were considered and rejected:
☐ Condon ☐ JEDI II ☐ Third Party ☐ Direct Sale. Please explain: Not a sale of an asset by Enron
- b. Will this transaction be the most beneficial alternative to Enron? ☒ Yes ☐ No. If no, please explain: _____
- c. Were any other bids/offers received in connection with this transaction? ☐ Yes ☒ No. Please explain: Private structured finance transaction

2. Prior Obligations

- a. Does this transaction involve a Qualified Investment (as defined in the JEDI II partnership agreement)? ☐ Yes ☒ No. If yes, please explain how this issue was resolved: _____
- b. Was this transaction required to be offered to any other Enron affiliate or other party pursuant to a contractual or other obligation? ☐ Yes ☒ No. If yes, please explain: _____

3. Terms of Transaction

- a. What are the benefits (financial and otherwise) to Enron in this transaction? ☐ Cash flow ☐ Earnings
☒ Other: Ability to hedge mark-to-market exposure on investments in publicly and privately held companies
- b. Was this transaction done strictly on an arm's-length basis? ☒ Yes ☐ No. If no, please explain: _____
- c. Was Enron advised by any third party that this transaction was not fair, from a financial perspective, to Enron?
☐ Yes ☒ No. If yes, please explain: _____
- d. Are all LJM expenses and out-of-pocket costs (including legal fees) being paid by LJM? ☐ Yes ☒ No. If no, is this market standard or has the economic impact of paying any expenses and out-of-pocket costs been considered when responding to items 1.b. and 3.b. above? ☒ Yes ☐ No.

4. Compliance

- a. Will this transaction require disclosure as a Certain Transaction in Enron's proxy statement? ☒ Yes ☐ No.
- b. Will this transaction result in any compensation (as defined by the proxy rules) being paid to any Enron employee?
☐ Yes ☒ No.
- c. Have all Enron employees' involvement in this transaction on behalf of LJM been waived by Enron's Office of the Chairman in accordance with Enron's Conduct of Business Affairs Policy? ☒ Yes ☐ No. If no, please explain: _____
- d. Was this transaction reviewed and approved by Enron's Chief Accounting Officer? ☒ Yes ☐ No.
- e. Was this transaction reviewed and approved by Enron's Chief Risk Officer? ☒ Yes ☐ No.
- f. Has the Audit Committee of the Enron Corp. Board of Directors reviewed all Enron/LJM transactions within the past twelve months? ☐ Yes ☒ No. (The Audit Committee has not held a meeting since LJM2's formation.) Have all recommendations of the Audit Committee relating to Enron/LJM transactions been taken into account in this transaction? ☐ Yes ☐ No.

* The transaction has been approved by
 the Exec. Committee of ENR's Board of
 Directors.

APPROVALS

Business Unit

SMS

Ben Glisan

Signature

Date

Business Unit Legal

Enron Corp. Legal

Global Finance Legal

RAC

Accounting

Executive

Rex Rogers

Scott Sefton

Rick Buy

Rick Causey

Jeff Skilling

6-28-02

7-14-02

6/28/00

7/10/02

6/29/02